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PROGRAMME PLANNING

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE

NET CONTRIBUTOR STATUS

Report of the Administrator

SUMMARY

The present document is submitted to the Governing Council in response to paragraph 12 of its decision 91/29 of 25 June 1991, in which the Council requested the Administrator to report on the outcome of the consultations held with the countries covered by decision 91/29 and to make recommendations concerning the maintenance of field offices in those countries in order to facilitate a decision at the thirty-ninth session (1992).

1. The Governing Council decision 91/29 of 25 June 1991 on preparations for the fifth programming cycle established the base for cooperation in the fifth programming cycle between the United Nations Development Programme (UNDP) and countries with per capita gross national product (GNP) above $3,000 and small island developing countries with a population below 2 million and per capita GNP above $4,200 wishing to avail themselves of UNDP support in their development programmes.

2. As far as the indicative planning figures (IPFs) are concerned, decision 91/29 stipulates that $11.55 million shall be provided for countries with per capita GNP between $3,000 and $6,000 and small island developing countries with a population below 2 million and per capita GNP between $4,200 and $7,500. The calculation of IPFs, as defined in decision 91/29, is still tentative since the accounts relating to the contributions and obligations of countries with net contributor status in the fourth cycle have not yet been finalized. To the extent that any of those countries did not meet their fourth cycle net contributor obligations, their fifth cycle IPFs would be reduced accordingly. The amount of the reduction will be made available for distribution to the other countries covered by the decision. The annex to the present document contains a table with the preliminary fifth cycle IPF calculations for those countries. Countries with per capita GNP above $6,000 and small island developing countries with per capita GNP above $7,500 will no longer be entitled to country IPFs; they will, however, continue to be considered as recipients of IPFs and as such entitled to participate in all other components of the Programme, including projects financed under the regional and interregional IPFs and projects financed from the Special Programme Resources (SPR).

3. Decision 91/29 establishes the principle that certain countries may have field offices, headed by a Resident Representative, provided there is no cost to UNDP. "No cost" has been interpreted to mean that the combined contributions to local office costs, together with the voluntary contributions of a country, must at least equal the amount of expenditures under the country IPF and the total cost of the office, including compensation for headquarters management and operational support. UNDP would incur a net cost to the administrative budget only in countries with programme activities exceeding $10 million during the cycle. In these cases, the post of Resident Representative could be financed by UNDP. Programme activities are defined as activities financed from the IPF, cost-sharing, government cash counterpart contributions and UNDP trust funds. In countries with programme activities exceeding $15 million, UNDP could finance the posts of the Resident Representative and the Deputy Resident Representative.

4. In paragraph 12 of decision 91/29, the Governing Council requested the Administrator to consult and negotiate with the countries covered by the decision on the following issues: (a) the projected level of programme expenditures; (b) the size of their field offices or necessary services to be provided from a convenient location, as applicable; (c) the required local office cost contributions in the fifth programming cycle; and (d) the participation of other United Nations agencies in those costs. The Council

has requested the Administrator to report on the outcome of the consultations and to make recommendations concerning UNDP field representation in those countries at its special session to be held in February 1992. Missions headed by senior UNDP officials visited some of the countries in the period of September to November 1991, and additional missions have been scheduled to take place in the time between the writing of the present report and the special session of the Governing Council. The focus of the consultations with these Governments is on ascertaining the extent to which a viable and relevant programme of cooperation with UNDP can be developed. From the consultations undertaken so far, indications have emerged on the source and the level of the funding of such a programme and the scope and cost of the field office support required for the backstopping of the programme. The following paragraphs cover the status of these consultations.

Countries with UNDP field offices

5. Of the 19 countries covered by the decision, the following 9 countries have UNDP field offices: Bahrain, Barbados, Cyprus, Libyan Arab Jamahiriya, Oman, Qatar, Republic of Korea, Saudi Arabia and United Arab Emirates. Missions were undertaken to seven of these countries and agreements, as reflected in aides-memoire and correspondence, were reached with six of them. The seventh agreement was being finalized at the time of writing the present report. A mission to Cyprus has been scheduled for January 1992. No mission has been scheduled for Saudi Arabia, in view of the fact that satisfactory consultations between the UNDP office and the country have been taking place for many years, as demonstrated by the current level of the programme in Saudi Arabia. The level of Saudi Arabia's contributions to UNDP substantially exceeded its obligations under the net contributor provisions contained in decision 85/16 of 29 June 1985.

Size of the programme

6. In reviewing with the Governments the programmes of the fourth cycle and the prospects for the coming five years (1992-1996), it appeared that in five of the nine countries, namely, the Libyan Arab Jamahiriya, Oman, Republic of Korea, Saudi Arabia, and United Arab Emirates, programmes are in progress which are both sizeable and valid in development terms. The current levels of cooperation with UNDP in each of these countries range between $8 million and $45 million for the fourth cycle. The range of projected programme activities for the fifth cycle is expected to be between $14 million and $60 million. In substance, the countries in the Arab region appeared to have similar priorities for cooperation with UNDP, stemming from their dependence on oil revenues and the important role of an expatriate work-force in their economies. Additionally, environmental concerns have been heightened in the aftermath of the Gulf war. Development activities financed by the countries themselves and administered by UNDP therefore address issues faced by Governments in programmes such as the enhancement of national economic planning capacities, promotion of the private sector, development of the transport and communications sector, economic diversification and many aspects of human resource development, including expansion of managerial, technical

and vocational training and enhancing the status of women in society. A wide range of environment-related activities also receive high priority. The Government of Korea, on the other hand, has requested UNDP assistance during the fifth cycle for continued upgrading of its capacity in sciences and technology, not only for beneficiaries of the Republic of Korea, but also with a view to improving its capability to render assistance to other developing countries. It also intends to use UNDP assistance in the area of environmental protection, for human development-related issues, such as improvement of the participation of women in development, and poverty reduction. There is a clear appreciation by these Governments and the respective field offices of UNDP, that the effective cooperation, which now exists in many of these areas, can be further advanced during the fifth programming cycle.

7. In the smaller countries of the region, the consultations between the Governments and UNDP pointed to the need for more intensive attention to programme development. The programmes in Bahrain and Qatar for the fourth cycle were in the range of $1.5 million, and under $3 million, respectively. In Bahrain, two strategies are being developed: one concerning the industrial sector and the other an overall national economic strategy. It was agreed that, when these two strategic plans are ready, UNDP would be invited to organize multisectoral missions to design activities that would give operational effect to the plans. Likewise, Qatar is engaged in preparing a national development plan, scheduled for early 1992. Possibly in accelerating its formulation, but more definitely in the subsequent implementation of the plan itself, it was agreed that a variety of programme missions would be required from UNDP. With these two plan implementation prospects, stable growth of the cooperative effort with UNDP seems promising in both these countries.

8. As a result of the introduction in Barbados of structural adjustment programmes instituted with the support of the International Monetary Fund (IMF), it is expected that IMF reporting and monitoring requirements will need the establishment of a unit of technical experts. There is also a growing concern about environmental degradation in Barbados, including the destruction of mangrove swamps, coral reefs and the resultant degradation of the country's fisheries and the deterioration of the quality of water resources. The main potential value of UNDP to the Government is that it could provide, using its network of field offices and its international data bases of technical expertise, high-level complementary and supportive technical assistance services to facilitate effective management of its adjustment programme and in addressing environmental issues.

General issues

9. A number of issues raised by the Governments of the countries concerned are being addressed by the secretariat. While field offices in these countries request the formal clearance of the Government of their respective office budgets, some Governments have indicated that the process has not been fully satisfactory. It was agreed that, henceforth, the number of staff and

other components of the field office budget would be discussed periodically in greater detail with the Government. It is also understood that staff costs are subject to the application of the United Nations common system covering conditions of employment. UNDP assistance to review the office organization and staffing was requested in several countries. If completed, the outcome of these reviews would be reflected in the Administrator's proposals to the Governing Council at its thirty-ninth session. While field offices appeared to be implementing the UNDP guidelines on the reimbursement of the cost of services provided to other agencies, governments nevertheless requested that the work performed for others and the reimbursement arrangements be closely monitored. Enhancing the role and capacity of the Government's coordinating authority in respect of all types of cooperation with the United Nations system, including funds-in-trust arrangements, was discussed in Libya.

10. A particular issue concerns the field office in Barbados. The projected cost for the fifth cycle of the Barbados field office, which covers 10 countries and territories, has been noted by the Government. However, the Government considers that its share of the cost of the office is too high in relation to the size of the IPF for Barbados in the fifth cycle and the services provided by the Barbados field office to the other countries and territories. UNDP was therefore requested to revise the formula that currently requires Barbados to contribute, in cash and in kind, more than $200,000 as its share in the cost of the office, whereas the annual IPF expenditure for Barbados is not expected to exceed $120,000 per year. It is therefore proposed that for field offices with regional responsibilities, field office costs directly and exclusively attributable to countries other than the host country, such as the costs of staff exclusively dealing with these countries, will henceforth need to be covered entirely by the countries concerned.

Countries and territories without field offices

11. Decision 91/29 also applies to 10 countries and territories covered by field offices located in a different country or by UNDP headquarters. Of these, Singapore, the Territory of Hong Kong, Nauru and Bermuda had net contributor status in the fourth cycle. Two of the countries opted not to use their fourth cycle IPFs, while the two others decided to use only a part of it. Based on discussions that have taken place between the authorities in these countries and UNDP, it is unlikely that UNDP programmes in these countries will expand in the fifth cycle, except in Bermuda, where there may be an interest in funding a programme of technical cooperation with the other non-independent territories in the region.

12. The strategy of the Government of Aruba is to reduce the country's dependence on tourism, through industrial development and upgrading of the oil refinery and a gradual divestment of statal and para-statal corporations. The urgency to establish adequate management strategies for Aruba's onshore and off-shore ecosystems, particularly the need to identify affordable oil-spill detection systems was highlighted. In consultations with the Netherlands Antilles, the Government stressed the importance of human resources

development and tourism development, and the need to monitor closely the likely impact of the tourism sector on the ecosystem of the country. Within human resources development, special emphasis will be placed on women in development. The role of UNDP in assisting Aruba and the Netherlands Antilles with the implementation of these programmes is currently being elaborated.

13. At the time of writing of the present report, consultations with the British Virgin Islands, Czechoslovakia, Malta and Suriname had not been completed. In the case of Suriname, there is still a likelihood that the per capita GNP will drop below $3,000, in which case the country would no longer be covered by decision 91/29. Proposed changes in the status and IPF of Suriname would be submitted to the Governing Council for approval.

14. In the case of the Netherlands Antilles, the programme cost-sharing modality would be used to cover fourth cycle programme expenditures. The possibility of the exclusive use in the fifth programming cycle of cost-sharing arrangements with appropriate provisions in the project budget for support services to be provided by the office in Trinidad and Tobago would be looked into for Aruba and the Netherlands Antilles. Programme implementation modalities appropriate to the conditions in each of the countries and territories are being developed, as appropriate.

Conclusion

15. Many developing countries already provide substantial amounts of funds to UNDP, mainly through the cost-sharing modality, to obtain expertise in the transfer and adaptation of technology. They are taking advantage of (a) the access that UNDP has, largely through the United Nations specialized agencies, to a world-wide pool of expertise and (b) of the recognized strengths of UNDP in project preparation, monitoring and evaluation and efficiency in procurement. Other countries have shown interest in the capacity of UNDP for the effective promotion of technical cooperation among developing countries through its field office network. These are just two examples of potential areas in which UNDP could assist middle- and high-level income developing countries in the fifth programming cycle. UNDP cooperation with several of the countries covered by decision 91/29 is expected to increase considerably in the fifth programming cycle in areas of critical relevance to the countries concerned and in accordance with its mandate and the relevant provisions of decision 90/34 on the fifth programming cycle.

16. The consultations also highlighted that countries with UNDP field offices are committed to maintaining these offices in their countries. As was explained to the missions by the governments, the UNDP office presents a unique window to impartial advice and to a very wide range of expertise. In countries with field offices, the volume of collaboration with the United Nations development system is likely to grow substantially from what it was in the fourth programming cycle. In countries without UNDP offices, there is, with few exceptions, only marginal growth in the UNDP programmes. This would tend, therefore, to confirm the importance of field offices as development agents. It would also appear that, for some countries, the benefits derived

from the UNDP presence are greater than simply the volume of activities the UNDP office would administer on their behalf. It is therefore recommended that field offices should be maintained in the nine countries where they are today, with the full application of the relevant paragraphs of decision 91/29 on the financing of the posts of Resident Representative and Deputy Resident Representative. The staffing and cost of several field offices will be reviewed between December 1991 and the thirty-ninth session of the Governing Council and the conclusions brought to the attention of the Council for its review, as requested in paragraph 12 of decision 91/29. Furthermore, the Administrator wishes to inform the Council that, starting in 1994, notice will be given to Governments that he intends to reduce the cost of offices to correspond to income for all field offices in countries covered by decision 91/29, if voluntary contributions and contributions to local office costs did not cover the full cost of the office in the 1992-1993 biennium. The Administrator will complete the process of adjusting field office cost to income by the end of 1994.

17. By its decision 91/29, the Governing Council authorized the Administrator to maintain field offices in the countries covered by the decision, provided there was no cost to UNDP. The decision also stipulates that countries need to make contributions equivalent to IPF expenditures and to cover local office costs. The establishment of field offices financed from the administrative budget had on occasion been discussed with some high- and middle-level income countries but could not be justified on their programme levels. In the fifth programming cycle, it is proposed that, at the specific request of the countries concerned, a UNDP presence in countries covered by decision 91/29 with programmes below $10 million could be maintained or established at no cost to UNDP. The reimbursement of these costs to UNDP would be a first charge on all income from contributions to local office costs, voluntary contributions and interest earned from balances of cost-sharing funds held by UNDP. The Administrator would proceed with the establishment of a new UNDP presence, perhaps led by an internationally recruited staff member, provided that there is no direct impact on the administrative budget of UNDP. The establishment of such a presence would be an important measure contributing to the objective of increasing the cooperation between these countries and UNDP.

18. In summary, consultations carried out so far have confirmed that decision 91/29 provides a solid basis for the development of collaborative arrangements between UNDP and the middle- and high-level income developing countries that will enable UNDP to respond efficiently to the specific needs of each individual country, and that will encourage countries to make use of UNDP support in areas in which it has a comparative advantage.

Annex

IPFs of countries covered by decision 91/29

(by ascending order of 1989 per capital GNP)

Country	Fourth cycle IPF	1989 per cap GNP	Fifth cycle IPF a/
	(millions of dollars)		(millions of dollars)
Suriname	2.07	3 020	0.810
Republic of Korea	10.64	4 400	4.165
Czechoslovakia	1.66	5 000	1.602
Malta	1.48	5 050	0.579
Oman	1.89	5 220	0.740
Libyan Arab Jamahiriya	2.36	5 410	0.954
Netherlands Antilles	0.64	6 360	0.251
Barbados	1.48	6 370	0.579
Bahrain	1.18	6 500	0.462
Saudi Arabia	4.73	6 500	0
Aruba	0.39	6 750	0.153
Cyprus	2.95	7 050	1.155
British Virgin Islands	0.26	7 400	0.102
Singapore	3.55	9 100	0
Territory of Hong Kong	0.30	9 230	0
Nauru	0.05	10 230	0
Bahamas	1.42	11 370	0
Qatar	0.71	11 610	0
United Arab Emirates	0.59	15 720	0
Brunei Darussalam	0.50	16 000	0
Bermuda	0.38	22 260	0
Total	39.23		11.551

a/ Based on 39.144 per cent of fourth cycle indicative planning figure and subject to the calculation of additional resources as detailed in paragraph 2 of the present document.